BAWSCA
Bay Area Water Supply & Conservation Agency

March 22, 2004

Jeremy Arrich
DWR, DPLA
PO Box 942836
Sacramento, CA, 94236-0001

Subject: Comments on 2004 Draft In-Delta Storage Feasibility Study

Dear Mr. Arrich:

We have reviewed the 2004 Draft In-Delta Storage State Feasibility Study and appreciate this opportunity to submit comments. In-Delta Storage is the first CALFED surface water storage project to achieve this level of analysis and a finding of technical feasibility. Combined with the project's pre-existing permits and completed environmental review, it presents an important and credible opportunity to advance balanced implementation of the CALFED Record of Decision.

However, the economic analysis is based on a faulty assumption or understanding of Bay Area water systems and their operating limitations. The economic analysis assumes that:

> Regionally, the San Francisco Bay Region is expected to be at a relatively high level of reliability in 2020 after the assumed adoption of economically justified local water conservation and supply augmentation measures in the context of the assumed availability of local carryover storage. Consequently, State Water Project deliveries available under contract and interruptible deliveries that were not of net economic value to the region (hereafter referred to as unallocated deliveries) were assumed to be available to augment SWP South Coast Region urban deliveries.
> (Draft Report on Economic Analysis p.8, and Draft Summary Report, Section 7.4.2.1, page 106)

This assumption could underestimate the project's value and erroneously suggest where benefits from this or other projects should accrue.

Combined, BAWSCA's 28 cities, water districts and water companies rely on the San Francisco regional water system for only two-thirds of their current water supply needs. While BAWSCA agencies are committed to local water conservation and supply augmentation measures, and while such measures are an important part of our long range water supply planning, our analyses show that they are not sufficient in themselves to result in a "high level of reliability in 2020..." We recommend that the report's assumption be re-evaluated and the model and the conclusions be revised appropriately.

Bay Area plans and studies identify a need for additional imported water supply and there is a general need to improve water supply reliability and water quality in the region. Storage projects that can increase yield, improve water quality, facilitate water transfers and provide environmental benefits could be valuable to the region. The feasibility study indicates the In-Delta Storage Project could produce a variety of benefits under various operating scenarios.

Because this project is of potential value to our agencies, or the Bay Area region as a whole, we recommend that the project move forward, contingent upon completion of the analyses recommended above.

Sincerely,

Arthur R. Jensen
General Manager